

VZCZCXYZ0001
PP RUEHWEB

DE RUEHTA #0066/01 0141134
ZNY CCCCC ZZH
P 141134Z JAN 08
FM AMEMBASSY ASTANA
TO RUEHC/SECSTATE WASHDC PRIORITY 1486
INFO RUCNCIS/CIS COLLECTIVE PRIORITY 0364

C O N F I D E N T I A L ASTANA 000066

SIPDIS

SIPDIS

STATE FOR SCA/CEN M. O'MARA

E.O. 12958: DECL: 01/14/2018
TAGS: [PGOV](#) [PREL](#) [EPET](#) [ENRG](#) [KZ](#)
SUBJECT: SENATOR LUGAR MEETS WITH GOVERNMENT LEADERS IN
ASTANA

REF: ASTANA 56

Classified By: AMBASSADOR ORDWAY FOR REASONS 1.4(B) and (D)

¶1. (C) Summary: During his January 9-11 visit to Astana Senator Richard Lugar discussed energy, non-proliferation, regional security, and economic cooperation issues in a series of meetings with high-ranking officials. Kazakhstani officials praised Senator Lugar for his long support of Kazakhstan, particularly through the Nunn-Lugar act, and described U.S.- Kazakhstan relations as healthy. Several interlocutors assured Senator Lugar that the recently signed amendment extending and broadening the Cooperative Threat Reduction (CTR) agreement will be quickly ratified. Prime Minister Masimov expressed interest in participating in an event with Senator Lugar in Washington this year to commemorate cooperation under the Nunn-Lugar Act. End Summary.

Non-Proliferation

¶2. (C) Senator Richard Lugar met with Prime Minister Karim Masimov, Foreign Minister Marat Tazhin, State Secretary Kanat Saudabayev, Minister of Energy and Natural Resources Kauat Mynbayev, Minister of Health Anatoliy Dernovoy and KazMunayGaz First Vice President Maksat Idenov during his January 9-11 visit to Astana. Senator Lugar thanked his interlocutors for their efforts to extend and broaden the Cooperative Threat Reduction Agreement and asked for their assistance to ensure that the amendment is quickly ratified. Energy Minister Mynbayev told the Senator that Kazakhstan will accelerate the ratification process and that he does not foresee any problems. Senator Lugar emphasized to Mynbayev and others that time is of the essence because of political pressures within the U.S. to demonstrate that the program is on track. He also reminded the Kazakhstanis that the U.S. has an additional \$64 million it is prepared to spend in Kazakhstan on CTR programs.

¶3. (C) Senator Lugar made a strong push for a decision from Kazakhstan on the location of a national human-veterinary central reference laboratory, funded by the United States. Foreign Minister Tazhin and Health Minister Dernovoy both replied that the construction of the U.S.-proposed joint human-veterinary lab may not be possible for Kazakhstan. Senator Lugar's delegation noted that a separate plan forwarded by the Ministry of Health would add two years to completion of the project. Tazhin said that Kazakhstan is still looking to find a compromise solution with the Department of Defense.

Energy

14. (C) Senator Lugar also focused on Kazakhstan's energy strategy in his discussions. Prime Minister Masimov told Senator Lugar on January 11 that he was having talks on the same day with Chevron about the construction of a joint Chevron-Kazakhstan pipeline that would send Kazakhstani oil westward to the BTC pipeline (see septel). He added that Kazakhstan had considered building the pipeline with the Kashagan consortium, but that it would mean too many partners in the project. Masimov also admitted that CPC (Caspian Pipeline Consortium) expansion still remains a problem, despite the latest agreement in principle between President Nazarbayev and President Putin to proceed with expansion. Energy Minister Mynbayev presented a detailed account of the status of Kashagan negotiations (reftel), reserving heavy criticism for ExxonMobil. Aside from Kashagan, said Mynbayev, Kazakhstan's major oil and gas projects are proceeding smoothly and Kazakhstan is satisfied with its U.S. partners. In contrast to Masimov, Mynbayev stated that CPC expansion "looks settled." The extra oil from expansion would likely be sent to the Bourgas-Alexandropolis pipeline.

15. (C) In several meetings, Senator Lugar emphasized the importance of Kazakhstan's links to the Baku-Tbilisi-Ceyhan pipeline. State Secretary Saudabayev claimed that support for the BTC is a political decision, because it is not economically justified. (Comment: This is simply not true. There is no other route for the additional Kashagan oil volumes to get to market. End comment.) Energy Minister Mynbayev said that Kazakhstan is very interested in diversified transportation routes. He noted that President Aliyev came to Kazakhstan in August to sign an MOU on transportation and that Azerbaijan and Kazakhstan will

examine infrastructure on both sides of the Caspian. The two countries are developing a government to government agreement. When the big oil comes, said Mynbayev, we believe we will have something ready. He added, however, that a trans-Caspian pipeline remains a legal problem because of the undefined status of Caspian Sea delineation. Foreign Minister Tazhin reported that a meeting on regulation of the Caspian will be held in October in Baku, with Kazakhstan hopeful for a positive outcome. Some progress was made during talks in Iran, and the Russian position is pragmatic, according to Tazhin.

Regional Security and Cooperation

16. (C) Senator Lugar thanked his interlocutors for Kazakhstan's efforts in Iraq and as a regional leader. State Secretary Saudabayev told Senator Lugar that the United States is a critical element of Kazakhstan's foreign policy. He characterized Kazakhstan as America's most reliable and loyal partner of the U.S. in the region despite pressure from China and Russia. Kazakhstan, said Saudabayev, will stay in Iraq until the end and maintains a similar approach to Afghanistan. Kazakhstan wants regional integration and is preparing a serious program for Afghanistan. Kazakhstan also wants to expand its participation in peacekeeping operations, added Saudabayev.

17. (C) Tazhin also spoke to Senator Lugar at length about Afghanistan. He affirmed that Kazakhstan is trying to be more active in Afghanistan, but complained about the country's unsuccessful commercial efforts to bid on the Aynak copper mine tender. According to Tazhin, Kazakhstan made a favorable offer, but the mine was instead give to China. President Karzai's "excuse" when President Nazarbayev raised the issue with him at the SCO summit in Bishkek was that Afghanistan was "inexperienced" in such transactions. Kazakhstan will stay involved in Afghanistan. The 2008

budget
has funds for an assistance program that includes a hospital,
schools, and road construction., Kazakhstan also has
offered to train Afghan police in Kazakhstan. After the
copper mine, however, Kazakhstan is unsure about economic
investment, said Tazhin. Tazhin concluded that he is not
optimistic about Afghanistan; he sees the situation getting
worse.

¶8. (C) Tazhin expressed trepidation about Iran. He said
that despite the absence of visible evidence of an Iranian
nuclear program, including the recent U.S. NIE, Kazakhstan is
still concerned. Kazakhstan has told Iran of its misgivings.
Regionally, Tazhin said that Kazakhstan is stressing
"partnership and friendship," not "leadership," which its
Central Asian neighbors resent. He described President
Berdimuhamedov as more open and receptive. Nevertheless,
Tazhin called Turkmenistan and Uzbekistan big questions.
Kazakhstan is looking to invest in Kyrgyzstan and Tajikistan.

Finally, Tazhin thanked the Senator for U.S. support on WTO
membership and OSCE chairmanship and said that Kazakhstan
views the OSCE as a serious responsibility, not a public
relations opportunity.

Prime Minister to the U.S.

¶9. (SBU) Prime Minister Masimov and Senator Lugar
discussed the Prime Minister's possible trip to Washington
in 2008 for the launch of the Public-Private Partnership
Initiative (PPPI). Prime Minister Masimov said besides
PPPI he would like the trip to focus on three issues -
energy, Nunn-Lugar activities and food processing. The two
agreed that if Masimov does come to the U.S. they would
participate in an event highlighting U.S. - Kazakhstan
cooperation under the Nunn - Lugar act.

¶10. (U) Senator Lugar has not cleared this cable.
ORDWAY